

The National Automobile Dealers Association won a legislative victory today when a House committee exempted dealership-assisted auto financing from oversight by a new consumer agency.

The House Financial Services Committee passed legislation to create a Consumer Financial Protection Agency, which would regulate financial products such as subprime mortgages and credit and debit cards.

The measure, which now goes to the House floor, contained an exemption for dealership financing. "Dealers are not financial institutions, and it simply makes no sense to regulate an entity as something that it isn't," said Brent Hall, a spokesman for Rep. John Campbell, R-Calif.

Campbell introduced an amendment to exempt dealerships from CFPB oversight. It was included in the legislation after passing 47-21.

### Arguing for over-regulation

NADA had fought to keep dealership-assisted financing outside the authority of the new agency, arguing that it is already sufficiently regulated and not as risky as subprime mortgages or credit cards.

"It makes sense to exclude dealers," said David Westcott, head of NADA's government affairs committee. "Dealers had absolutely nothing to do with the credit crisis."

The group's efforts were opposed by the Independent Community Bankers of America and a consortium of consumer, legal-rights and minority advocates. The committee, led by Rep. Barney Frank, D-Mass., passed the bill today by a 39-29 vote, largely along party lines.

It is not clear whether the bill will pass the House and Senate or whether the exemption for dealerships will survive intact.

U.S. Sen. Chris Dodd, D-Conn., will consider the Consumer Financial Protection Agency as part

of a comprehensive reform bill the Senate hopes to take up before the end of the year, said Justine Sessions, spokeswoman for the Senate Banking Committee.

Opponents won't give up

The Consumer Federation of America said it will continue to oppose the dealership exemption. The group, a supporter of the overall legislation, "will now be working hard to get auto financing included in the bill as it moves through Congress," said Federation spokesman Jack Gillis, author of The Car Book.

"Consumers who finance their vehicles through car dealers deserve the same protections as those working with banks." The community bankers' lobby also will continue to fight the dealership exemption as the bill winds its way through Congress, said Steve Verdier, an ICBA lobbyist.

No date has been set yet for House consideration of the measure, nor has a comparable bill been introduced in the Senate.

The legislation was pushed by the Obama administration after the financial meltdown last year. "This bill will create one agency focused on one simple mission -- protecting consumers," Treasury Secretary Tim Geithner said today in a statement.